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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 05/24/06

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- (1) Major banks should thank public in words, deeds
- (2) Palestinian Authority should take responsible stance as party concerned with Middle East peace process

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- (1) Parents are first teacher for children
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- (2) Detailed measures needed to prevent illegal parking

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, May 23

NIHON KEIZAI (Page 2) (Full)
May 24, 2006

09:01

Attended a cabinet meeting in Diet.

09:19

Arrived at Kantei.

10:58

Met with Singapore Minister Mentor Lee Kuan Yew.

14:00

Met with Cabinet Intelligence Director Mitani and JDA Intelligence Headquarters chief Mukunoki. Later, met Environment Minister Koike.

16:03

Education Minister Matsuda.

16:50

Met with Council of Experts on Administrative Reduction and Efficiency Chairman Iida, its Chief of Secretariat Matsuda, and others, joined by State Minister for Administrative Reform Minister Chuma.

17:30

Attended a meeting of Council for Science and Technology Policy.

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19:02

Dined with US Ambassador to Japan Schieffer at Steak House Katsura at Takanawa Prince Hotel.

21:22

Returned to residence.

4) Japan-US alliance to go global in scope

NIHON KEIZAI (Page 1) (Abridged)

May 24, 2006

Japan and the United States have entered into intergovernmental coordination to issue a joint statement on the Japan-US alliance and its significance when Prime Minister Junichiro Koizumi visits the United States in late June. The two countries have now agreed to realign US forces in Japan. In response to this agreement and other factors, the joint statement will announce that the bilateral alliance has now entered a new phase of global cooperation. In the joint statement, the two governments will clarify that Japan and the United States will act in concert to deal with changes in the international situations following the Sept. 11, 2001 terrorist attacks on the United States.

Koizumi will arrive in the United States on June 28 after visiting Canada and will meet with President Bush on June 29.

Koizumi and Bush last documented a joint statement at their first meeting in June 2001. The two leaders will set forth a stronger alliance in their joint statement for the first time. Defense Agency Director General Fukushima Nukaga proposed documenting the joint statement in his meeting with Defense Secretary Rumsfeld following the final agreement reached between the Japanese and US governments on the realignment of US forces in Japan.

The joint statement will sum up bilateral cooperation that has substantially expanded in the security area through Japan's antiterror backup measures, such as dispatching Self-Defense Forces troops to Iraq and refueling US and other foreign naval vessels in the Indian Ocean. The two leaders will underscore the Japan-US alliance and its significance over again for the Asia-Pacific region's peace and stability, thereby envisioning a new framework for bilateral cooperation.

In their joint statement, Koizumi and Bush will specify a course of action to overhaul the current setup of cooperation between the SDF and US forces through "bilateral defense planning" in anticipation of emergencies in Japan and through "mutual cooperation planning" in anticipation of emergencies in areas surrounding Japan. Based on that new framework, the two leaders will proclaim that Japan and the United States will step up their cooperation in order to deal with international terrorism and respond to major disasters and diseases.

The Japan-US Security Treaty restricts Japan's cooperation to the Far East. In addition, the Japan-US Security Joint Declaration of 1996 also goes no further than to describe bilateral cooperation in the event of emergencies in Japan and contingencies in the periphery of Japan. However, Japan and the United States have already expanded the scope of their nonmilitary cooperation on a global scale, including antiterror backup measures and disaster relief activities.

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As it stands, Japan and the United States will confirm in the joint statement that the two countries will further their cooperation in various areas that are not covered in the security pact.

5) Ozawa: Taiwan is included in contingencies in areas surrounding Japan

SANKEI (Page 4) (Full)
May 24, 2006

In a press conference yesterday at party headquarters, Minshuto (Democratic Party of Japan) President categorically said that Taiwan is included in "areas surrounding Japan," as stipulated in the regional contingency law: "It (Taiwan) is naturally included." Ozawa told a key Chinese government official when he was visiting China: "There would be trouble if China fires at Taiwan and the shells fly in the direction of Okinawa as a result. Such would be an attack (on Japan)."

6) Growing endorsement seen in New Komeito of submission of bill to upgrade JDA during current Diet session

MAINICHI (Page 5) (Almost full)
May 24, 2006

By Hirohiko Sakaguchi

A growing number of New Komeito members are moving to endorse the submission of a bill to upgrade the Defense Agency (JDA) to ministry status to the current Diet session. Behind this move is the party executives' desire to settle pending questions under the current lineup of party executives whose terms in office will expire in October in order to avoid any impact on the Upper House elections set for next summer, as the bureaucrat-initiated bid-rigging scandal involving the Defense Facilities Administration Agency (DFAA) is likely to be concluded shortly. But some in the party remain cautious about submission of the bill. The party executives intend to coordinate views internally to decide on their position before June 18, when the current Diet session is to close, as to whether to allow the submission of the bill.

Consultations over what to do with the bill have continued between the ruling Liberal Democratic Party (LDP), which is positive about the bill, and its junior coalition partner New Komeito, which is cautious. But the New Komeito turned even more cautious with the revelation of the DFAA-led bid-rigging scandals. As a result, many in the ruling parties believed that it would be hopeless to submit the bill to the current Diet session.

One reason why the New Komeito is moving to endorse the submission of the bill to the current Diet session is because its executives' terms of office expire in October. Representative Takenori Kanzaki has hinted he will retire from his post. One senior official explained: "We don't want to leave pending questions in the hands of a new party lineup, which will have to contest the Upper House election." Also, by allowing the submission of the bill to the current Diet session, the New Komeito intends to include its own pet measures, such as expansion of child allowances, in the Basic Policies for Economic

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and Fiscal Management and Structural Reform the government will shape in June and thereby to play up its identity ahead of the Upper House election.

The gap between the LDP and the New Komeito over the JDA upgrading bill has already been almost bridged. The major point at issue was how to rename the JDA. The LDP insisted on renaming it as "Kokuboshō" (National Defense Ministry), while the New Komeito asserted that the name of the JDA should be changed to "Boei Kokusai Heiwashō" (Defense and International Peace Ministry). But the new name of the JDA is likely to be "Boeishō" (Defense Ministry) with the LDP's concessions to the New Komeito.

Some in the New Komeito are still opposed to the submission of the bill, arguing that the DFAA scandal has yet to be concluded. But if things go smoothly, the JDA is scheduled to announce a final report on the scandal, as well as punitive measures, possibly by the middle of next week. Taking this as an opportunity to put an end to the scandal, the New Komeito executives intend to speed up the process of coordinating views in the party.

7) Government to make full-fledged coordination with US, Britain, and Australia for GSDF withdrawal

YOMIURI (Page 2) (Abridged slightly)
May 24, 2006

Now that security authority in the southern Iraqi city of Samawah is likely to be transferred from the multinational forces to the Iraqi military and police in June, the government plans to make full-fledged coordination with the United States, Britain, and Australia to withdraw Ground Self-Defense Force troops from the country. For starters, the government will send officials in charge from the Foreign Ministry and the Defense Agency to the US and Britain shortly and study a specific timeline and steps through talks of working-level officials of Japan, the US, Britain, and Australia.

Iraqi Prime Minister al-Maliki indicated at a press conference May 22 that security authority in Muthanna Province, including Samawah, would be transferred to Iraq in June.

Prime Minister Junichiro Koizumi welcomed al-Maliki's statement before reporters yesterday, saying: "The statement showed his government's enthusiasm for maintaining public order independently."

The government has conditioned GSDF withdrawal on the establishment of a stable Iraqi government and the transfer of security and administrative authority to Iraq. If matters develop as al-Maliki predicted, the government's scenario of beginning withdrawal in June to complete it in July could become a reality.

When New Komeito Representative Takenori Kanzaki held talks yesterday in Tokyo with Australian Ambassador to Japan Alistair McLean, he said: "(The security situation in Samawah) has improved, and Japan may decide to withdraw GSDF troops from Iraq sometime soon."

But because the Iraqi government is still devoid of interior and defense ministers, there is some skepticism in the Japanese

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government about the possibility of transferring security authority to a full-fledged Iraqi government, as al-Maliki predicted. Japan's concern is being fueled by continued terrorism in Iraq. The government intends to carefully observe the security situation in Iraq.

The government will also study specific ways to assist Iraq after GSDF withdrawal. A plan has surfaced to invite senior Iraqi government officials and cabinet minister to Japan while continuing providing economic assistance, such as yen loans, and humanitarian and reconstruction assistance in Iraq.

8) Fake emails sent via China, disguised as "Air Staff Office"

SANKEI (Top play) (Abridged)
May 24, 2006

A large number of fake emails were disseminated under Defense Agency Director General Fukushima Nukaga's name or the Air Self-Defense Force Air Staff Office. Those fake emails were sent through a Chinese server, sources said yesterday. The Defense Agency suspects that the incident could be a cyberattack involving Chinese hackers. The agency will shortly send a damage report to the Tokyo Metropolitan Police Department in order to identify the source of those emails.

In the middle of this month, an email message was sent to Self-Defense Forces personnel and many other PC users. The email showed the address of the Air Staff Office's public relations section, and its subject was "Destroyer Fleet 16 and its 3 weeks." The email was from the "Defense Agency Air Staff Office General Affairs Department." This section name, however, is not actually used. It is therefore suspected of being a spoofed.

The email, in its text, was written in unnatural Japanese with an attached file. If PC users receiving that email had opened the attached file, their PC hardware could have been infected with viruses and might have automatically forwarded the fake email to their contacts listed in their PC address books.

The ASO public relations section received more than 1,000 inquiry emails a day from those who received that fake email, so the section was troubled in its daily operations. The MPD will likely file a criminal case over this incident as an illegal act of interfering with the Defense Agency's operations.

The Defense Agency tracked down the path of this fake email and discovered that the email came through a server in China. The attached file was a reproduction of information pages and photos from a Japanese civic group's website, saying a nuclear-powered submarine of the US Navy entered port at its Yokosuka base.

9) Japanese, South Korean foreign ministers agree to resume talks on June 12 to negotiate on disputed EEZ demarcation between their two countries

NIHON KEIZAI (Page 1) (Full)
May 24, 2006

Foreign Minister Taro Aso arrived in Qatar to participate in the Asia Cooperation Dialogue (ACD). He met with his South Korean counterpart Ban Ki Moon for about an hour and a half hours at a

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Doha hotel. They agreed to resume talks on June 12 and 13 to discuss the two countries' exclusive economic zones (EEZ) demarcation issue.

Ban also stated that the results of DNA analysis on Kim Yong Nam, a South Korean abducted by North Korea, would be released by the end of this month. Kim is most likely the husband of Megumi Yokota, a Japanese national also abducted by that country. Ban and Aso agreed to closely work together in order to settle the abduction issue involving North Korea.

They also discussed ways to mend the strained relations between the two countries due to Prime Minister Koizumi's visits to Yasukuni Shrine. Ban called for prudent treatment of the issue. Aso responded, "Japan's position is the same as it has repeatedly announced." He then noted, "I, on my part, will make a judgment properly taking into account my beliefs as a private citizen and position as a public official."

They shared the view that it is important for the two countries to continue efforts to resume the six-nation talks to discuss the North's nuclear development issue. They also agreed to hold a government-level meeting in June regarding a survey on remains of former military personnel and drafted civilians who came from the

Korean Peninsula and conduct a joint field survey in July.

10) Tokyo-Seoul talks on EEZ demarcation bound to encounter difficulties; Gaps also in views on abduction issue

YOMIURI (Page 2) (Excerpts)
May 24, 2006

By Tetsu Okazaki, Doha

In an attempt to prevent strained bilateral relations from worsening further due to the issue of Japan's marine research around a group of the disputed Takeshima/Dokdo islets in the Sea of Japan, the foreign ministers of Japan and South Korea decided yesterday to resume in June talks on the exclusive economic zones of their countries. It will be difficult, however, for the two countries to repair the strained relations.

Although the two ministers have confirmed cooperation in dealing with the abduction issue after a visit to Seoul by Shigeru Yokota, the father of abductee Megumi Yokota, there are major differences in the two countries' approaches.

South Korea has pledged to extend economic assistance to North Korea in place of cooperation to resolve issues, while Japan has strengthened pressure. Therefore, one official said, "Since the two countries have completely different views, there is a limit for their cooperation at present."

11) Facility to dispose of chemical weapons abandoned by former Japanese Army: Plan suspended after China demands more funding

MAINICHI (Page 2) (Full)
May 24, 2006

It was learned yesterday that a plan to construct a facility with China to dispose of chemical weapons abandoned by the former Japanese Army was suspended after China called on Japan to share

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additional costs. Tokyo and Beijing last October agreed to aim for an early start-up of the disposal plant, by setting up a Japan-China Consortium Organization that would serve as a vehicle to construct the envisaged facility. However, no prospects have been obtained even for signing a memorandum of understanding on the establishment of such an organization, with China making a fresh demand.

The disposal plant will be constructed in Jilin Province, China. According to a Japanese government source, China during a meeting in March called for additional outlays for cutting trees at the construction site. A Chinese negotiator explained that since the forest, where the plant is to be constructed, is a government-designated forest reserve, it needs to have Japan pay additional money for the removal of the designation.

A senior Cabinet Office official revealed Tokyo's position that it is not possible to share such a cost with no clear legal grounds provided. Since the Chinese side has not even presented a specific amount of money, Tokyo remains unable to grasp its real intent.

12) Government in Pacific Islands Summit plan to offer ODA worth 40 billion yen for environment and tsunami countermeasures

SANKEI (Page 2) (Excerpts)
May 24, 2006

The government started coordination yesterday to provide 14 island states in the Pacific region with 40 billion yen worth of official development assistance (ODA) over the next three years to allow them to finance measures to protect the environment and to prevent flooding from tsunami. Prime Minister Junichiro Koizumi will announce this plan during the fourth Japan-Pacific Islands Forum Summit to be held in Nago City, Okinawa, on May 26-
27.

In the region, China has been trying to bring over to its side by offers of economic assistance six countries that have not established diplomatic relations with Taiwan. In response, the government aims to hold China's moves in check by increasing its ODA disbursements to these countries in an attempt to keep them in Japan's camp.

The government provided the island states in the region with 30 billion yen in grant aid and technical cooperation in the past three years.

According to government sources, the government will come up with a plan in the summit to increase ODA funds for measures to introduce an early warning system as a tsunami countermeasure; to offer technical assistance to contain SARS; to construct infrastructure; and to protect the environment.

13) Kitashiro rebuts Koizumi again, saying that business and politics are not separate matters

ASAHI (Page 2) (Abridged slightly)
May 24, 2006

The Prime Minister's Official Residence (Kantei) and Keizai Doyukai (Japan Association of Corporate Executives) have been

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increasingly at odds over the organization's urging Prime Minister Junichiro Koizumi to halt his visits to Yasukuni Shrine. In reaction to Koizumi's rebuttal that business and politics were two separate matters, Doyukai Chairman and IBM Japan Chairman Kakutaro Kitashiro said in a press conference yesterday: "State policies, including the economy, must be determined properly."

In reaction, Chief Cabinet Secretary Shinzo Abe said disapprovingly in a press conference yesterday, "One must not take a narrow view of things."

"I hope the prime minister will refrain from visiting Yasukuni Shrine for the sake of good Japan-China relations, not for corporate achievement or industrial gains," Kitashiro said. He also indicated that the business leaders' association would announce its stance on the Liberal Democratic Party's presidential election in September, while taking into consideration the party's stance on diplomatic issues, including the Yasukuni issue.

Doyukai and IBM Japan have been besieged with telephone calls and letters critical of the association's proposal. Despite that, Kitashiro said: "A society where people can exchange diverse views is healthy. We will sincerely lend our ears to other views, but we will not change our proposal."

Abe told the press conference yesterday: "Doyukai should give serious thought to the prime minister's motive and other factors before making such a comment." Abe also said this regarding the observation that the Doyukai proposal would have an impact on Japan's policy toward Asia.

"Such a view is not totally correct. Basically, diplomatic relations with China and South Korea are at stake. Relations with India and ASEAN have deepened. One must not take a narrow-minded view."

Meanwhile, Koizumi told reporters last night: "There are all sorts of opinions. Some agree with me; others don't. Mr. Kitashiro understands my position very well."

Koizumi had a dinner with business leaders on the night of May 17 in which Kitashiro said, "I'm sorry for all the fuss." In response, Koizumi said, "It doesn't bother me."

14) Minister of Internal Affairs Takenaka declares that Council on Economic and Fiscal Policy has "completed its role"

By Daihaku Kasai

At a news conference yesterday, Minister of Internal Affairs Heizo Takenaka remarked that the government's Council on Economic and Fiscal Policy (CEFP) has turned from driving force to a spectator, saying: "It has changed from an engine for reform to an arena for it." Takenaka, who has been recently rumored to no longer be a significant player in policy debates, issued a de facto "declaration of the end of the CEFP," which he has led until now and has been given the status of control tower for reforms.

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Takenaka stated, "(The CEFP) already underwent a great change about six months ago." He indicated that the nature of the panel changed since Kaoru Yosano assumed the post of minister in charge of the panel after the cabinet reshuffle last October. "I think the role of reform engine has now been played by the (Liberal Democratic Party), specifically, by its Policy Research Council Chairman (Hidenao Nakagawa)," Takenaka added.

By emphasizing a shift in policymaking from the CEFP to the LDP, Tanakena apparently is trying to criticize the way Yosano manages the CEFP.

15) Lower House committee today begins deliberations on education reform bill; Gap in "enthusiasm" between the government and ruling camp

TOKYO SHIMBUN (Page 2) (Excerpts)
May 24, 2006

The Lower House Special Committee on the Basic Education Law decided yesterday in a directors meeting to hold today a question-and-answer session on the government's bill to revised the Basic Education Law. About one week has passed since the bill was submitted to a Lower House plenary session on May 16. The ruling coalition managed to start deliberations at the committee. Since the question of whether to extend the ongoing Diet session, which is absolutely necessary to pass the bill through the Diet, has yet to be resolved, discord is growing stronger in the government and ruling camp.

Yesterday morning one committee director came down on Liberal Democratic Party (LDP) Secretary General Tsutomu Takebe, saying, "Are you trying to kill the bill?" The director took this action because Takebe indicated in a speech on May 20 the possibility of carrying the bill over to the next session for deliberations, not extending the session.

The education policy clique in the Diet, including former Prime Minister Yoshiro Mori, has discounted Prime Minister Junichiro Koizumi, who has said "no extension," thinking that he has no eagerness to pass the bill.

Therefore they were counting on LDP members seeking the passage of the bill during the current session. If the LDP leadership, including Takebe, follows Koizumi, the whole ruling coalition could go along with the prime minister. Mori and his followers then became nervous about Takebe's remarks.

Takebe then told reporters: "The government and ruling parties will make utmost efforts to see the bill clear the Diet." But the committee director said, "I don't understand why he has to flatter the prime minister."

The main opposition party Minshuto (Democratic Party of Japan) sees the discord in the government and ruling camp.

16) Nokyō political group to recommend cooperative member as LDP candidate for next summer's Upper House election in defiance of Koizumi reform drive

May 24, 2006

A backlash against Prime Minister Koizumi's reform program has begun to appear in the selection of candidates for the next House of Councillors. The political arm of the Japan Agricultural Cooperatives (Nokyo) has decided for the first time to recommend a member as a candidate of the Liberal Democratic Party (LDP) for the next Upper House election, expressing displeasure with the Koizumi reform drive. Upper House member Hiroko Goto, 58, also announced her withdrawal from the LDP Oita prefectural chapter, after opposing the government's postal-privatization legislation.

The Federation of National Farmers Agricultural Policy Campaign Organizations (Noseiren) picked yesterday in a primary election Toshio Yamada of the Central Union of Agricultural Cooperatives (Zenchu) to recommend as a candidate on the LDP ticket. Yamada, 59, won yesterday's election, securing 239 votes of the 313 Noseiren executives and representatives of the nationwide agricultural cooperatives. He told reporters yesterday at a Tokyo hotel, "Since the majority of organization (Noseiren) supported me, I will do my best."

Noseiren had recommended career officials of the Ministry of Agriculture, Forestry and Fisheries. Incumbent Upper House member Keishiro Fukushima, 60, who was defeated by Yamada in yesterday's election, obtaining just 57 votes, was a former bureau director general of the Agriculture Ministry.

17) Responses to US beef: Sukiya "will not use;" Yoshinoya "will use," while Matsuya "will carefully watch the situation"

ASAHI (Page 13) (Full)

May 24, 2006

The government is now likely to decide in June to resume US beef imports. In response, President Kentaro Ogawa of Zensho Co., the operator of the Sukiya chain, said yesterday that his company would not use US beef for the time being, saying: "Its safety will not be guaranteed."

When the government lifted its ban on US beef imports last December, Zensho did not use the product. President Ogawa stressed that improved safeguard measures, such as an introduction of blanket testing, should be made a precondition for Japan to resume imports. He said: "The condition of just asking (the US not to include specified risk materials in beef shipments to Japan) is far below safety standards laid in the late 20th century. The system should be changed."

Yoshinoya D&C plans to put a beef bowl recipe using US beef on its menu 12 to 18 months after the government decides to resume imports, on the grounds that "there will then be no problem with its safety." Matsuya Foods Co. is carefully watching the situation, its spokesman saying: "Although we do not mean to say that the company will never use US beef, we are carefully watching the situation." As it stands, the leading beef-bowl providers are taking different responses to US beef.

SCHIEFFER